

**LAND BOARD AGENDA ITEM****April 19th, 2012****PRELIMINARY APPROVAL FOR LAND BANKING ACQUISITION****Proposed Acquisition:**

The property known as Milk River Ranch, containing approximately 4,504.00 acres of grazing and farmland with wildlife habitat and recreational opportunities has been identified as a potential acquisition. This acquisition would be a joint acquisition between DNRC and MT FWP. DNRC would acquire 1,663 acres of grazing and farmland, while FWP would acquire 2,841 of grazing land and Milk River bottomlands for wildlife habitat. The total cost of the lands to be purchased with Land Banking funds is between \$1,200,000 and \$1,600,000.

**Selection Considerations:**

The Department has conducted a review of this tract nominated for acquisition per Administrative Rule 36.25.813 (3).

**Access:** The tracts are accessible by private and county roads, and through adjacent trust lands. Purchase of this property would secure perpetual public access.

**Revenue:** The predicted annual rate of return, over a 20 year period is estimated at 1.68% to 2.23%. This revenue estimate does not account for potential additional revenue from gravel sales. Gravel sales will be analyzed if preliminary approval is granted, and may indicate a higher rate of return.

**Multiple Use:** The agricultural components of the Milk River Ranch present an opportunity to earn improved income from dryland and irrigated farmland, grazing land and gravel extraction. The proposed acquisition would consolidate state trust land holdings, improve income and require minimal investment of staff time to manage. The tracts also provide excellent wildlife habitat for a wide variety of large and small game animals.

**Location:** The property is located 25 miles north of Gilford MT, Hill County, straddling the Milk River.

**Cooperation:** DNRC is working cooperatively with MT FWP, to identify this proposed acquisition.

Steps in this process include securing a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.813 through 815. Due diligence includes a detailed inventory report of the property, appraisal, Phase 1 hazardous materials study, an in-depth financial analysis, and a survey, if needed, followed by final Land Board approval.

**Agency Recommendation:**

The Director recommends preliminary approval of the Milk River Ranch tracts for further consideration for acquisition.